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Worksheets



Module One: Worksheet 1 - Calling Tops and Bottoms

- A key skill in trading is to develop a sense for the approximate intraday bottoms and tops of stocks. Many say it can't be done. It can.
- We learn how to play "pivot points" using a combination of techniques:
 1. Fibonacci retracements (38%, 50%, 62%) of the average daily trading range are worth looking at.
 2. Looking for higher highs and higher lows off a bottom w/volume
 3. Seeing the trade sizes and blocks at potential pivot points on Level 2
 4. "Momentum Patterns" that you recognize as being tradable
 5. Knowing the 5- and 10-day trading range of the stock helps - see bigcharts.com.

You should use this worksheet (or a similar one you make yourself) to help develop your skills to play the tops and bottoms of stocks you trade.

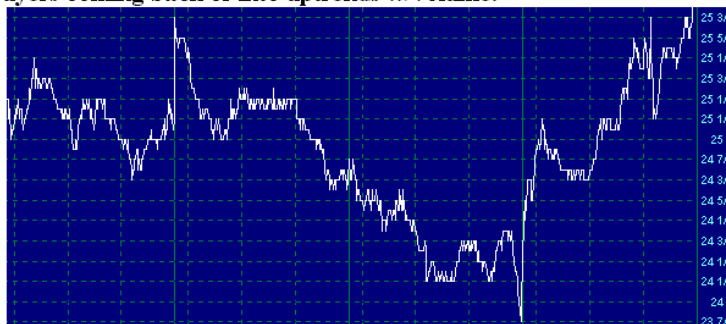
Directions:

1. Choose 3-5 stocks to follow.
2. Write down the multiday trading ranges (top and bottom) for each stock in the space provided. Choose somewhere from 3 to 10 days' range.
3. During each trading day, try to guess where the stock's **most likely** top and most likely bottom will be (write in the space provided).
4. This technique works best for stocks that are in a trading range (eg UIS, NOVL).
5. Use this worksheet to help you learn how not to get "surprised" by a stock's price movement, and to develop patience in entering and exiting trades.
6. Circle an "S" or a "B" to indicate whether you are buying the stock as it is still in an uptrend (B) or if you are trying to pick the bottom as it is selling off (S).
7. Remember that the trading range is often established by 10:30-11:00am EST, so try and call the bottom and top earlier in the trading day. Good luck!

Goal: Improve my ability to accurately predict stock tops, bottoms & buy opportunities.

[illegible]

Example: here's 4 days of UIS price movement. The 4-day range is 23 7/8 to 25 3/4. The approximate support and resistance levels are 24-25 1/2. I expect the stock to trade in this range, and am unlikely to buy if the price is in the middle of the range. I'll wait until it gets oversold to 24 1/4 to buy long or to short up at 25 1/2, depending on the \$SPX (S&P 500 index), \$COMPQ (Nasdaq composite index), \$TRIN and \$PREM direction, along with technical chart indicators, such as volume and trendlines. **The point? Don't make low-percentage trades by buying in the middle of a stock's trading range; buy on oversold dips that have buyers coming back or into uptrends w/volume.**



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Successful Online Daytrading Training Resources

Worksheets

**Module One: Worksheet 2 - Trading Skills
Practice: Your DAILY TRADING JOURNAL**



- Failing to learn from mistakes and capitalize on gains has been the downfall of many potentially successful daytraders.
- Keeping a daily trade journal like the one included here will help you to spot both profitable and unprofitable trends and patterns in your daily trading style.
- We encourage all our traders to keep a daily trading journal for at least the first 6 months of their trading career.
- You should also keep one whenever you're in a strong winning or losing streak to capture the why's and how's of your trades. You'll start to see patterns developing after awhile that will help you to become a better trader.

You should use this worksheet (or a similar one you make yourself) to help you see what types of stocks you play best, how long your profitable trades are, and reasons for entering and exiting trades.

Directions:

1. Download and print at least 30 copies of this Microsoft Word file: [tjournal.doc](#)
2. It can be viewed with the word viewer ([link here](#)) or word pad (wordpad doesn't include the table borders, though)
3. Keep a daily trade journal that details your trades for the next month. Start by just making one trade per day minimum for the next two weeks (100-300 shares), depending on market conditions.
4. At the end of each day, study the time of day, reasons for trade entry/exit, and sector you were trading in (internet/techs/boxmakers/retail etc.).
5. Modify your trading style based on what you learn about yourself: your trade management. What did you do correctly? What was an error? Do you know why you entered and exited that last trade?
6. Modify the Daily Trading Journal to include more spaces for areas that you want to capitalize on (for winning patterns) and stop doing (for losing habits).

Daytraders' Daily Trade Journal Date: _____ Net Profit/(Loss): \$ _____

STOCK You	Sector	# SHARES	BUY Price	SELL Price	Net GAIN or LOSS	TIME of DAY Bought/Sold	Total Time in the Trade?	Reason You Bought	Reason Sold

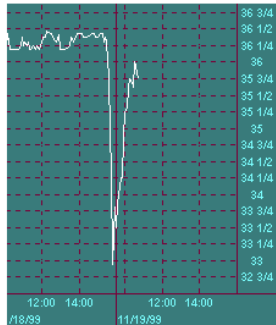
A final note: you should also track your daily profit/loss and trade sizes on a graph (I use excel), so that you can see your progress over time.

Worksheets

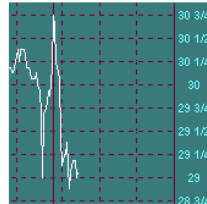
Module One: Worksheet 3 - Opening Gap Trading

Two of the most profitable daytrading plays on the market open are to:

Buy a stock either premarket or on the open that has gapped down at least 5-10%:



Sell a stock on the open that has gapped up by at least 5-10%:



Remember the module 1 trading examples on this topic? (click for review)

Let's practice how to do this over the next week of trading, ok? Remember these are plays that are made premarket and into the open.

Perhaps buy on ISLD premarket after a stock has tanked and buyers are returning (then sell somewhere from 9:30 to 10:00 depending on momentum). Or, short a stock that's gapped up on the first uptick on the open (at 9:30-9:40am)

A second daily skill you should master is to keep an eye on the volume and price action from 9:00am to 9:30am - is a stock you watch gapping up a bit before the market on good volume? If so, there's a good chance it will continue higher on the open before sellers come in. ***This is different from the large gap plays you see above*** - this is small gapping of under 2-3% generally that is a good indicator of the first half-hours' price movement (9:30-10:00) ahead for the stock.

Medved QuoteTracker - Last Update: 11/29/99 09:14:39 ET (Press F1 for help)

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Symbol	Chart	Volume	Bid	Last
65 Composite	09:14:28 AM	3,103.57	0.00 (0.00%)	
NYSE Composite	09:14:28 AM	639.95	0.00 (0.00%)	
Nasdaq Composite	09:14:28 AM	3,447.81	0.00 (0.00%)	
MO		3,352,600	26	26 5/16
IBM		3,108,400	104	105
G		2,168,000	40 1/2	40 13/16
KO		1,653,300	66 3/16	66 9/16
ADPT		695,400	56 1/8	55 7/16
AMZN		216,200	97	93 1/8
CSCO		121,700	94 1/2	93 3/16
INTC		83,400	80 3/4	80 1/4
MSFT		43,000	91 1/8	91 1/8
DELL		51,400	42 13/16	42 15/16
CMGI		30,900	152	146 5/8
YHOO		27,000	231	226 1/2
EBAY		17,800	180	177 3/16
EXDS		13,500	129 3/16	126 5/16
JDSU		11,600	267	265 1/2
INTU		9,600	60 1/8	58 13/16
OCOM		9,200	385 1/2	384 3/4

In the example to the right, you can see CSCO has already traded over 120,000 shares at 9:14 am and has gapped up 1 1/4

points already. Sure enough, CSCO went on up to 95 1/4 before selling off around 11:30am. Be sure to follow the premarket action on any stock you intend to trade - the volume should be over 20K shares by 9:30 to provide any meaningful signal. Which other stocks below are gapping premarket? (note: only nasdaq stocks are followed this way).

Screensnap: Worksheet 2- [Click here to d/l Microsoft Word worksheet file](#) (14K)

You should use this worksheet (or a similar one you make yourself) to help you learn the profitable daytrading technique of playing opening gaps.

Directions:

1. Download and print at least 5 copies of this Microsoft Word file: [tjournal.doc](#)
2. It can be viewed with the word viewer ([link here](#)) or word pad (wordpad doesn't include the table borders, though)
3. During your market research, look for 3-5 stocks that you feel would be good gap candidates. Places to look include: most active on ISLD aftermarket, [%age gainers](#) or [%age losers](#), as well as news plays that have moved at least 5-10% since the last day's close.
4. Papertrade the gap plays for these 3-5 stocks on the morning of the gap to see how you would do. Remember, don't buy premarket gap downs on bad earnings/bad news etc until you see the technical indicators we look for of higher highs and higher lows on good volume (and even then, you would use small under- 3/8 point stops).
5. Make a note of which type of gappers you like to play the most: gaps up or gaps down.
6. Integrate this into your trading style and trade small shares on a gap play you believe would be profitable.

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A final note: gap plays should be considered risky, so fast execution speeds and tight stops are important. Try these after trading for at least 6 months.

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Worksheets**Module One: Worksheet 4- News Plays:
CNBC and Earnings Plays**

- **Profitable Play #1:** The day after earnings are released, many stocks tank (regardless of whether they beat, meet or miss the street's expectations). Buying the opening gap down on stocks that have met expectations is a profitable play, if the bottom consolidates and buyers begin to return.
- **Profitable Play #2:** Stocks will frequently jump up 1/2 point or so on a CNBC mention of the type that "there's no good reason for the stock to be down this much; analysts are positive on it" etc. Of course, you need to be in quickly (within 30 seconds) of the mention or you'll buy the top, where "sanity returns" and the price drops back down to it's earlier level.
- **Note re: CNBC** - these plays are haphazard and there may be a 'delayed reaction', so keep an eye on the intraday chart for a stock you think had a favorable CNBC mention to see what it does. A good example is BEAS, it skyrocketed in the 2nd week of Nov 99 a couple of hours after a CEO appearance and favorable comments from the CNBC gang. It didn't pop up immediately, though, it took an hour or two.

You should use this worksheet to keep track of the impact of CNBC mentions and day-after Earnings Release stock price momentum.

Directions:

1. Download and print 5 copies of this Powerpoint file.
2. **Choose 3 stocks** that have upcoming earnings releases sometime during the next week. (Note: for Earnings Play and CNBC mention stocks, they do not have to meet our usual stock daytrading criteria, as we are not trading them intraday on a regular basis. Just make sure the average daily volume is over 500K shares). [Click here for Earnings Release Calendar.](#)
3. Also keep an ear open for the type of CNBC mention we talked about (oversold, or great news that hasn't been factored into the stock price etc.)
4. During the week, keep track of the impact of earnings releases for stocks, especially if they meet the street's expectations (earnings are usually released from 4-6pm, after the close of the regular market). Look to see if a gap down (over 5%) occurs on the open of the day following earnings releases, and track

5. Also, look at the charts of stocks that have CNBC mentions for a price movement. There's an example of an HRL CNBC mention play at the bottom of the page. (I waited until the price dropped back down and [bought for an overnight hold](#)):

News Plays: Daytrading Worksheet for CNBC Mentions & Earnings

CNBC Mention Play: I bought the bottom after the CNBC mention because of the good news, earnings and oversold condition of the stock. The fact that it was bouncing off decade (40) resistance was the last indicator that told me to buy the stock. [Click here to see what happened the next day...](#)



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Worksheets

Module One: Worksheet 5- Daytrading Stock
Pattern Recognition

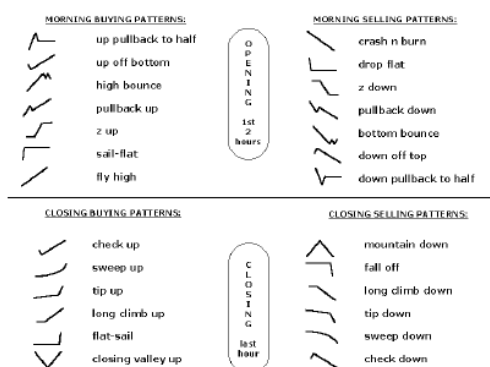
- Another key skill in trading is to develop a sense for the chart patterns that can be profitable when you see them. This is more than simple pennants, flags, triangles and consolidating ranges that you read about.
- In time, you will learn to recognize and be able to trade with common stock chart patterns that occur during the first and last 2 hours of the market.

You should use this worksheet (or a similar one you make yourself) to help develop your skills to identify common opening and closing stock chart patterns.

Directions:

1. For the 3-5 stocks that you've chosen to follow, make sure you can see intraday 1- or 2-minute interval close line charts. (These are easy to read than bar charts).
2. Go back over the last 10 days trading activity for these stocks (see www.bigcharts.com) and classify both the opening 2 hours and closing 2 hours into one of the patterns you see in the worksheet below.
3. Write the name of the ticker symbol next to the chart pattern in the worksheet below. See if it repeats (eg tanks at the end of the day, runs up on the open, retraces to about 50% of the opening range etc.).
4. *The purpose of this activity is to help you develop a better sense for the common daytrading patterns you find in stocks that you trade.* Good luck!

Screensnap: Worksheet 5- [Click here to d/l Powerpoint worksheet file \(64K\)](#)



The most common patterns are the "up pullback to half" and "down pullback to half" during the opening. Be sure to understand Fibonacci %ages to help you time trade entries and exits for these.

Virtually all stock movements follow one of these 7 morning patterns (buy or sell charts) and 6 closing patterns (again, buy or sell charts). Note that the "cup and saucer" and other formations are frequently true for multi-day and longer term trends. We are interested in daytrading trends here. We also look at the simplistic pennants, flags and triangle patterns in our first TA page, [click here](#).



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